

## Message Text

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TO AMEMBASSY ATHENS

AMEMBASSY ANKARA

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AMEMBASSY VIENNA

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FOLLOWING IS REPEAT OECD PARIS 28051, SENT SECSTATE 24 SEPT:

QUOTE LIMITED OFFICIAL USE OECD PARIS 28051

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA: SLT MEETING OF SEPTEMBER 21

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1. SUMMARY. SLT AGREED TO PREPARE A NEUTRAL ISSUES PAPER WITH OPTIONS FOR DESCRIBING AND OUTLINING THE MAIN CONTENTIOUS ISSUES RELATING TO NATIONAL OBJECTIVES EXERCISE AND DRAFT A GOVERNING BOARD DECISION POSSIBLY INCLUDING BRACKETS BASED ON LANTZKE PAPER (GB ROOM DOCUMENT NO. 6, SEPTEMBER 21) FOR CONSIDERATION AT MEETINGS OF OCTOBER 14-15 AND NOVEMBER 2-3 BEFORE BEING SUBMITTED TO GB FOR DECISION ON NOVEMBER 8. DELEGATES REVIEWED FAVORABLY SECRETARIAT COAL STUDY AND REMANDED PAPER TO ACCELERATED DEVELOPMENT SUBGROUP WITH INSTRUCTIONS 1) TO REVIEW AND PRIORITIZE THE ELEVEN SUGGESTED COURSES OF ACTION AND MAKE RECOMMENDATIONS FOR SLT TO PASS TO GB, 2) TO ADDRESS IN PAPER TECHNICAL ISSUES RELATING TO COAL AS A SOURCE OF ENERGY, ENVIRONMENTAL CONSTRAINTS AND ECONOMIC ASPECTS DETERMINING PRICE OF COAL, 3) TO CONSIDER PUBLICATION OF REPORT AS IEA TECHNICAL DOCUMENT, 4) TO MAKE RECOMMENDATIONS FOR CERD CONSIDERATION, 5) TO CONSIDER FUTURE MEETINGS OF COAL EXPERTS. THE TEN COUNTRIES WHICH SUBMITTED PROPOSALS FOR IMPLEMENTING THE L-T PROGRAM IN RESPONSE TO U.S. PAPER WERE AFFORDED OPPORTUNITY TO EXPAND UPON SUGGESTIONS. SLT AGREED 1) MOST PROPOSALS HAD ALREADY BEEN CONSIDERED AND UNDERTAKEN (IMPORT DEPENDENCE, NUCLEAR SUB-GROUP, RISK ANALYSIS, INTERFUEL SUBSTITUTION), 2) DELEGATES SUGGESTING NEW LINES OF ENDEAVOR SHOULD ELABORATE PROPOSALS FOR CONSIDERATION AT FUTURE MEETING (DENMARK - NATURAL GAS STUDY, ITALY - NUCLEAR, FINANCING, AND EXPLORATION AND DEVELOPMENT OF NEW PETROLEUM RESERVES AND GERMANY - EFFECT ON IMPORT DEPENDENCE OF VARIOUS PRICES OF ENERGY SOURCES.). ON INTERFUEL SUBSTITUTION SLT AGREED CANADA, AS LEAD COUNTRY, SUPPORTED BY SECRETARIAT, SWEDEN AND OTHER INTERESTED COUNTRIES, WOULD PREPARE PAPER ON INTERFUEL SUBSTITUTION FOR CONSIDERATION AT A FUTURE MEETING. THE PAPER WILL BE BASED ON THE BROAD DEFINITION OF INTERFUEL SUBSTITUTION I.E. (ELECTRIC GENERATION, INDUSTRIAL USE, DISTRICT HEATING) AND COULD RESULT IN A MEETING OF TECHNICAL EXPERTS SUCH AS WAS DONE FOR THE COAL STUDY.

END SUMMARY

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## 2. NATIONAL OBJECTIVES

CHAIRMAN GAVE BROAD-RANGING SUBSTANTIVE RATIONALE FOR NATIONAL OBJECTIVES INCLUDING A) UNACCEPTABILITY OF LTEA PROJECTIONS, B) ENERGY MEASURES WHICH NATIONAL GOVERNMENTS ARE WILLING TO UNDERTAKE TO REVERSE THE TREND TOWARD GREATER DEPENDENCE ON IMPORTED OIL, C) JOINT REINFORCING EFFORTS AS A MORE EFFECTIVE APPROACH THAN NATIONAL EFFORTS ALONE, K) NEED TO ADOPT A PACKAGE OF

POLICY MEASURES WITH YARDSTICKS TO MEASURE PROCESS  
TOWARD COMMON OBJECTIVES (QUANTIFIED WHERE POSSIBLE),  
E) THE NECESSITY TO BRING POLITICAL ATTENTION TO PROCESS.

IN GENERALLY POSITIVE DISCUSSION, DELEGATES AGREED  
THAT NEUTRAL ISSUES PAPER DEFING CONTENTIOUS ISSUES  
MUST FIRST BE DRAFTED BEFORE PROCEEDING TO GB DECISION  
DOCUMENT. ISSUES IDENTIFIED INCLUDED THE FOLLOWING  
1) QUANTITATIVE VS. QUALITATIVE OBJECTIVES (IMPORTS ALONE,  
DEMAND AND SUPPLY, OR BY ENERGY SECTOR), 2) AGENCY-WIDE  
VS. NATIONAL, 3) ENFORCED VS. VOLUNTARY, 4) IEA INVOLVE-  
MENT VS. COUNTRY DETERMINATION, 5) PUBLICITY VS.  
CONFIDENTIALITY, 6) REVIEW PROCEDURES TO MONITOR PROGRESS,  
7) PERCEPTION OF EXERCISE BY OPEC, NATIONAL PARLIAMENTS,  
OTHER IEA COUNTRIES, 8) COMPARABILITY VS. TRANSPARENCY  
OF OBJECTIVES AND 9) SHARES OF REDUCES DEPENDENCE  
OBJECTIVES FOR EACH COUNTRY 10) MAXIMUM LEVEL IMPORT  
DEPENDENCE ACCEPTABLE. CHAIRMAN AGREED TO  
DRAFT ISSUES PAPER WITH OPTIONS FOR MEETING OF  
OCTOBER 14-15. GB DECISION DOCUMENT WILL BE BASED ON  
ISSUES PAPER AND LANTZKE OUTLINE. CHAIRMAN ALSO  
REQUESTED SECRETARIAT TO DRAW UP PAPER FOR EACH COUNTRY  
BALANCING ENERGY SUPPLY AND DEMAND (OBTAINED FROM  
CONSERVATION AND ACCELERATED DEVELOPMENT REVIEW) FOR  
PROJECTED IMPORT DEPENDENCE AND COMPARISON WITH LONG  
TERM ENERGY ASSESSMENT PROJECTIONS.

### 3. COAL STUDY

ALL COUNTRIES REPORTED FAVORABLY ON SECRETARIAT  
COAL STUDY AND RECOMMENDED THE ACCELERATED DEVELOPMENT  
SUBGROUP 1) REVIEW AND PUT IN PRIORITY ORDER THE ELEVEN  
SUGGESTED COURSES OF ACTION FOR INCREASED COAL  
PRODUCTION/USE IN THE IEA; 2) SUGGESTED THE STUDY BE  
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REVISED TO CONSIDER MORE FULLY THE ECONOMIC ASPECTS OF  
COAL, COAL AS AN ENERGY SOURCE, AND ENVIRONMENTAL  
CONSTRAINTS IN COAL USE; 3) TO CONSIDER PUBLICATION OF  
REPORT AS IEA TECHNICAL DOCUMENT; 4) TO MAKE  
RECOMMENDATIONS TO CERD FOR INCREASED EMPHASIS ON COAL  
R&D ESPECIALLY RELATING TO TECHNOLOGIES CAPABLE OF EASING  
THE ENVIRONMENTAL PROBLEMS OF COAL PRODUCTION AND USE;  
5) CONSIDER THE NECESSITY AND FEASIBILITY OF FUTURE  
MEETINGS OF COAL EXPERTS. THE ACCELERATED DEVELOPMENT  
SUBGROUP WAS GIVEN A DEADLINE OF DECEMBER 1 FOR COMPLE-  
TION OF WORK ON THE COAL STUDY. IN ADDITION, THE STUDY  
WILL BE PROVIDED ON AN INFORMAL BASIS TO CHAIRMAN DAVIGNON  
FOR POSSIBLE USE FOLLOWING PUBLICATION OF THE LTEA. SLT  
GENERALLY AGREED 1) MOST COURSES OF ACTION SUGGESTED BY  
THE SECRETARIAT COULD BE ADOPTED BUT CERTAIN LANGUAGE

CHANGES MUST BE MADE BEFORE PUTTING THEM IN THE FORM OF RECOMMENDATIONS; 2) COMMON ENVIRONMENTAL CODES ARE IMPRACTICAL; 3) COAL PROJECTS ARE GOOD CANDIDATES FOR IEA JOINT ENERGY PROJECTS; 4) CLOSER COORDINATION WITH CERD ON COAL R&D IS NECESSARY AND DESIRABLE.

#### 4. PROPOSALS FOR IMPLEMENTING LONG TERM PROGRAM

TEN COUNTRIES RESPONDED TO U.S. "PROPOSALS FOR IMPLEMENTING THE LONG-TERM COOPERATION PROGRAM." MOST OF THE COMMENTS INCLUDED IN THE PAPER WERE SPECIFICALLY DIRECTED AT THE U.S. PROPOSALS AND HAVE ALREADY BEEN CONSIDERED (IMPORT DEPENDENCE OBJECTIVES AND THE FORMATION OF A NUCLEAR SUBGROUP). OTHER PROPOSALS SUGGESTED NEW AREAS FOR COOPERATION/STUDY, SOME OF WHICH ARE UNDERWAY, E.G. RISH ANALYSIS - SWITZERLAND AND INTERFUEL SUBSTITUTION - CANADA. NEW PROPOSALS SUGGESTED INCLUDED: 1) DENMARK - NATURAL GAS INFRASTRUCTURE STUDY, 2) GERMANY - IMPLICATIONS OF PRICE REGULATION ON IMPORT DEPENDENCE AND 3) ITALY - SUGGESTIONS FOR EXPLORATION AND DEVELOPMENT OF NEW PETROLEUM RESERVES, FINANCING FOR ENERGY DEVELOPMENT, AND PROMOTION OF NUCLEAR PROGRAMS.

DENMARK AND GERMANY AGREED TO PROVIDE ELABORATED PROPOSALS ON THEIR SUGGESTIONS FOR CONSIDERATION AT FUTURE MEETINGS. AFTER A RAMBLING AND SOMEWHAT UNINTELLIGIBLE PRESENTATION, IT WAS SUGGESTED ITALY PURSUE ITS SUGGESTIONS/RECOMMENDATIONS IN THE LIMITED OFFICIAL USE

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APPROPRIATE SUB-GROUPS ON BASIS OF ELABORATED PROPOSALS.

SWITZERLAND ANNOUNCED THAT FIRST MEETING OF EXPERTS ON RISK ANALYSIS WILL BE HELD IN BERN IN LATE NOVEMBER/EARLY DECEMBER.

IN RESPONSE TO GERMAN QUERIES, U.S. MADE AVAILABLE FEDERAL REGISTER NOTICE ON SOLICITING COMPANIES INTEREST IN IEA JOINT ENERGY PROJECTS.

#### 5. INTERFUEL SUBSTITUTION

THE CANADIANS SUGGESTED THAT ANALYSIS IS NEEDED OF TECHNOLOGICAL AND ECONOMIC PARAMETERS AFFECTING 1) DISPLACEMENT OF OIL IN END-USE MARKETS WITH NATURAL GAS, COAL, AND ELECTRICITY, 2) DISPLACEMENT OF OIL AND NATURAL GAS IN THE INTERMEDIATE ELECTRICAL GENERATION MARKET, AND 3) THE EXTENT AND RAPIDITY OF MARKET FORCES TOWARD REALIZATION OF OIL DISPLACEMENT POTENTIAL. THE PAPER ALSO RECOMMENDS AN EXAMINATION OF THE EFFICIENCY OF GOVERNMENT POLICY OPTIONS IN ALLEVIATING INSTITUTIONAL CONSTRAINTS.

ALL COUNTRIES, WITH THE EXCEPTION OF GERMANY, AGREED THAT THE CANADIAN PROPOSAL WAS TIMELY, NECESSARY, PRACTICAL AND SHOULD RESULT IN POLICY RECOMMENDATIONS.

DELEGATES RECOMMENDED THAT SUCH A STUDY SHOULD BE BASED ON THE BROAD DEFINITION OF INTERFUEL SUBSTITUTION AND INCLUDE ELECTRIC GENERATION, INDUSTRIAL USE, AND DISTRICT HEATING. CANADA AGREED TO BE THE "LEAD COUNTRY" IN THE STUDY, SUPPORTED BY SECRETARIAT, SWEDEN AND THE INTERESTED COUNTRIES. THIS GROUP WILL DRAFT A PAPER WHICH COULD RESULT IN A FUTURE MEETING OF EXPERTS FROM THE ELECTRICITY SECTOR. TURNER UNQUOTE. KISSINGER

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## Message Attributes

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